



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing the City Manager to Allocate \$17,000 in Public Benefit Program Funds for the Lodi SHARE Verification Program; and Authorize the City Manager to Execute a Contract with the Lodi Salvation Army to Administer the Project (EUD)

MEETING DATE: January 21, 2009

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to allocate \$17,000 from the Lodi Public Benefits Program fund to continue the Lodi SHARE Verification Program, and authorize the City Manager to execute a contract with the Lodi Salvation Army to assist in managing this project.


BACKGROUND INFORMATION: There are currently 1,793 residential customers participating in the Lodi SHARE Electric Rate Discount. For income-eligible customers, this rate relief program provides a 30 percent monthly discount off the published, standard EA (residential) electric rate.

In order to ensure that all current participants of the program are presently eligible to receive this rate relief, the Electric Utility Department is proposing to continue the SHARE Verification Program throughout the remainder of the 2008-2009 fiscal year. Once this third phase of the verification effort is completed, all customers originally eligible (since 2007) to receive the SHARE rate discount will have been verified/certified. The utility will most likely begin the verification process again in late 2010 or early 2011.

To successfully complete this program, Lodi Electric Utility will again enlist the professional services of the Salvation Army to verify that 800 current SHARE customers are still eligible to receive relief. Maximum income levels for one to four persons in a household range from \$22,000 to \$31,100. If the customer meets the existing eligibility requirements, the Salvation Army will notify the utility. Likewise, if a customer fails to meet the requirements, the Salvation Army will notify the utility and that customer's rate relief will be discontinued. The Salvation Army, as stipulated in the attached contract, will charge the EUD \$20 per customer verification/certification (800 customer screenings x \$20.00 = \$16,000). NOTE: the total requested allocation for this program is \$17,000; of this amount, \$1,000 is earmarked for customer outreach/notification, brochure and verification/certification applications and other materials as needed.

From August 2008 to November 2008, the Salvation Army performed 800 customer assessments as part of the Phase II Lodi SHARE Verification Program. Of that figure, 313 customers (39 percent) were removed from the rate discount for various reasons (examples: customer failed to meet income guidelines, customer had moved, customer was deceased, customer voluntarily removed their name

APPROVED:



Blair King, City Manager

from the program, customer failed to respond to several letter communications). The total amount of the rate discount received by these 313 customers during the 2007-2008 fiscal year was \$79,822.58.

By way of this Council action, Electric Utility staff is recommending approval of Public Benefit Program funds for this program, as well as the approval of the attached contract with the Lodi Salvation Army to assist in administering the Lodi SHARE Verification Project. Since the Lodi Salvation Army successfully conducted the first two phases of this verification program, and has experience in providing similar services for other entities such as PG&E and San Joaquin County, EUD respectfully requests that the Lodi City Council dispense with going out to bid pursuant to Lodi Municipal Code 3.20.070 and authorize the City Manager to execute a professional services contract with the Lodi Salvation Army.

FISCAL IMPACT: The funds required for the verification project are budgeted through the Lodi Public Benefits Program fund for the current fiscal year. It is conceivable that the City of Lodi will save in excess of \$30,000 annually by the rate discount being removed from some customer bills (as a result of the verification process, customers will be removed because they no longer qualify for the rate discount).

FUNDING: 164606 - Public Benefits


Kirk Evans, Budget Manager


George F. Morrow
Electric Utility Director

PREPARED BY: Rob Lechner, Manager, Customer Service & Programs

GFM/RSL/1st

Attachments

CONTRACT

This contract between the City of Lodi, a municipal corporation, (hereinafter "Lodi") and the Salvation Army, a California Corporation (hereinafter "S.A."), sets forth the terms and conditions under which S.A. will provide the services described herein. Lodi and S.A. agree as follows:

SCOPE OF SERVICES

The S.A. agrees to administer the *SHARE Customer Verification/Certification Program* for Lodi, in strict conformity with the terms and conditions of this contract. The S.A. will provide the following services to Lodi under this agreement:

- Maintain and monitor a budget of \$16,000 (800 total customer verifications/certifications), which concludes when this total dollar amount is exhausted, or by June 15, 2009, whichever comes first;
- Provide all customer interface, which includes screening for customer eligibility (pursuant to the eligibility requirements set forth in Exhibit "A") and approval of customer participation in this electric utility rate discount;
- Notify the City of Lodi Electric Utility and Finance departments, through an existing and agreed upon procedure of both telephone/fax communications of any/all customers approved for participation in this program. The S.A. will also notify Lodi of any/all customers who are removed from the program for failing to meet the eligibility requirements as set forth in Exhibit "A;"
- The S.A., in concurrence with the COL, will randomly select and screen 800 customers currently receiving the SHARE electric rate discount.

TERMS OF AGREEMENT

The term of this agreement shall be from January 26, 2009 until the entire \$16,000 in allocated funds for the program has been expended, or until June 15, 2009, whichever comes first.

ADVERTISING, MARKETING AND PUBLIC RELATIONS

All advertising, marketing and/or public relations will be the sole responsibility of Lodi, which includes all costs associated with any outreach or promotional material and/or ad campaigns, as well as costs associated with the development and production of program brochures and program participant applications. The S.A. agrees to provide consulting services to Lodi on potential market groups or targeted audiences.

1.
*SHARE CUSTOMER VERIFICATION/CERTIFICATION
CONTRACT (continued)*

INSURANCE

For actions performed under this agreement, the S.A. agrees to maintain all necessary insurance requirements set forth by Lodi (as identified in the instructions/requirements for insurance coverage page, attached hereto and incorporated herein).

CONTRACT PRICE AND TERMS

The S.A. will invoice for all administrative work performed at a rate of \$20 per customer verification/certification, with a cap of \$16,000 (the funding allows for a total of 800 customer verifications/certifications in this project). Invoices will be submitted to Lodi the first of each month, payable within thirty (30) days of the invoice date.

COMPLIANCE WITH LICENSES

(Note: No additional licenses are required to comply with this program.)

INDEMNITY CLAUSE

The S.A. shall indemnify, defend and hold harmless the City of Lodi, the City of Lodi Electric Utility, the City of Lodi Finance Department, its City Council, Directors, Officers, Agents, and employees against all claims, loss, damage, expense, and liability arising out of, or in any way connected with the performance of this contract and excepting only such loss, damage or liability as may be caused by the intentional acts or sole negligence of the City of Lodi, the City of Lodi Electric Utility, and the City of Lodi Finance Department.

2.

*SHARE CUSTOMER VERIFICATION/CERTIFICATION
CONTRACT ACCEPTANCE*

THE ABOVE TERMS AND CONDITIONS ARE AGREED UPON, AND ACCEPTED
ON THIS _____ DAY OF JANUARY, 2009.

The Salvation **Army**

Blair King, City Manager

Approved as to Form:

Stephen Schwabauer
City Attorney



Attest:

Randi Johl
City Clerk

SEAL OF CITY OF LODI CLERK

3.

RESOLUTION NO. 2009-08

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE LODI SHARE VERIFICATION
PROGRAM, AND FURTHER AUTHORIZING THE CITY
MANAGER TO EXECUTE THE NECESSARY
PROFESSIONAL SERVICES AGREEMENT

WHEREAS, the City of Lodi Electric Utility has initiated a three-part customer verification program, known as the Lodi SHARE Verification Program; and

WHEREAS, the program is designed to determine a customer's eligibility to receive the monthly electric rate discount (SHARE); and

WHEREAS, the City of Lodi Electric Utility *is* now seeking to complete the third phase of the three-part program during the months of January 2009 to June 2009.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves the Lodi SHARE Verification Program and authorizes the City Manager to execute a professional services agreement with the Lodi Salvation Army to assist in the verification process: and

BE IT FURTHER RESOLVED, that the Lodi City Council hereby allocates funds in the amount of \$17,000 from Public Benefit Funds for this program.

Dated: January 21, 2009

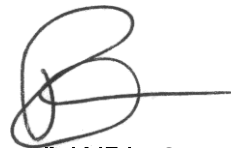
I hereby certify that Resolution No. 2009-08 was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 21, 2009, by the following Vote:

AYES: COUNCIL MEMBERS – Hitchcock, Johnson, Katzakian, Mounce,
and Mayor Hansen

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk